

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



December 28, 1987

ALL COUNTY INFORMATION NOTICE NO. 1-118-87

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: TREATMENT OF HOUSING AND URBAN DEVELOPMENT PAYMENTS,
ENTITLEMENT TO THE STANDARD UTILITY ALLOWANCE, AND
PRORATION OF ENERGY ASSISTANCE PAYMENTS

This letter is to advise CWDs of recent policy clarifications provided by the Food and Nutrition Service (FNS), Western Region Office concerning the treatment of HUD utility payments and entitlement to the SUA. In addition, clarification is provided regarding the proration of Non-LIHEAA energy assistance vendor payments to determine SUA entitlement.

HUD Payments

1. Per Manual Section 63-502.2j.(7), federally funded energy assistance payments are excluded from income. HUD payments for rental assistance sometimes include funds for utility costs, but are not considered to be "energy assistance payments" and, therefore, must be counted as income to the household. This is due to the fact that the HUD statute, 42 USC, Section 1437f, is intended to provide rental assistance rather than energy assistance.
2. Per Manual Section 63-502.2a.(1), rent or mortgage payments made to landlords or mortgagees by HUD, or by state or local housing authorities, are examples of excluded vendor payments. Where utilities are included in the rent or mortgage paid by HUD, such utility payments would be excluded from income as vendor payments. However, when the household is paying the utility charge and the amount the household is paying for rent and utilities exceeds the maximum set by HUD as the Total Tenant Payment (TTP) for the family occupying the dwelling unit, HUD makes a payment to the family (utility "reimbursement") for the amount which exceeds the TTP.

The household has the option of receiving the utility "reimbursement" directly; receiving a two-party check made out to the household and the utility company; or HUD will pay the amount directly to the utility company on behalf of the household.

As the household is legally entitled to the utility "reimbursement" and may receive it directly or request HUD to divert it to a third party, the "reimbursement" is not excluded as a vendor payment but counted as income.

SUA Entitlement

1. Per Manual Section 63-502.352, residents of rental housing who are billed for heating or cooling costs separate and apart from rent based on individual metering are entitled to the SUA. The entitlement is based on the actual usage being verified by individual metering. However, even those households that do not have individual meters and, therefore, are not eligible for the SUA may claim actual utility expenses which are paid separate and apart from the rent. For those households which have not yet received a utility bill, the CWD may use a collateral contact (i.e., landlord's statement) to confirm the separate utility billing.
2. Heating from an "alternative" or "nontraditional" energy source may qualify a household for the SUA, so long as it is the principal source of heat for the household and the cost is paid separate and apart from rent (see above). Sometimes, households have two sources for heating, such as one that is built into the house and one that is not. If the house or apartment complex provides a primary heating source, and the cost is included in the rent, the household's decision to use a different or a supplemental source does not qualify the household for the SUA. A household which chooses to use only one heat source still qualifies for the SUA if it is responsible for paying for both heat sources.

For example, a household lives in a cottage behind the landlord's house. The cottage has a gas furnace and a stove fueled by wood. If the household has a separate gas meter, is billed for gas separately from rent, and is responsible for paying for the gas used, the household qualifies for the SUA even though it only uses the wood stove. If, however, there is not a separate gas meter and the household does not receive a separate bill for the gas, the household is not entitled to the SUA. It is only entitled to the actual cost of the wood it buys for the stove.


Proration of Energy Assistance Payments

We would like to provide clarification regarding proration of non-LIHEAA energy assistance vendor payments to determine if the household is entitled to the SUA as indicated in the Energy Assistance Payments All County Letter (ACL) No. 87-112, dated August 17, 1987.

The example which was provided in ACL No. 87-73 (OBRA/Non-Discretionary #2) dated May 18, 1987 indicated that the CWD would prorate the energy assistance payment over the three month heating period. However, most energy assistance payments are only issued once a year. These payments are intended to cover the entire year, regardless of when they are received. Therefore, in accordance with M.S. 63-502.352(a)(1), unless a specific period is indicated, the payments will be prorated by 12 to arrive at a per month amount to determine entitlement to the SUA. This determination will be made when the household chooses to exercise its option per M.S 63-502.352(c) to request the SUA.

Please note that references to Manual Sections: 63-502.352, 502.352(a)(1) and 502.352(c) are renumbered sections due to AB 1111 which was effective July 1, 1987. These sections were previously numbered: 502.361, 502.361(a) and 502.363 respectively.

If you have any questions, please contact Michael Papin of the AFDC and Food Stamp Policy Implementation Bureau at (916) 322-5330 or ATSS #92-5330.



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Deputy Director

cc: CWDA